MISSOURI HOUSING
DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2003

Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contents

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Independent Auditors' Report

The Commissioners
Missouri Housing Development Commission

We have audited the accompanying balance sheet of the Missouri Housing Development Commission (a body corporate and politic of the State of Missouri) as of June 30, 2003 and 2002, and the related statements of revenues and expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Housing Development Commission at June 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The Management's Discussion and Analysis on pages 3 - 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The accompanying supplementary information, as listed on pages 29 - 31 in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 2003 on our consideration of the Missouri Housing Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rubin, Brown, Gornstein & Co. LLP

St. Louis, Missouri
August 22, 2003

Our discussion and analysis of Missouri Housing Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal years ended June 30, 2003 and 2002. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Financial Highlights

- Total assets decreased 5.7% from June 30, 2002.
- Fiscal year 2003 mortgage investment purchases and originations totaled $231 million as compared to $285 million in 2002.
- Bonds and notes issued totaled $239 million in 2003 and totaled $294 million in 2002. $209 million of the bonds issued in 2003 and $251 million in 2002 were rated AAA by Standard & Poor's Rating Services.
- Total revenues were $223 million in fiscal year 2003, a decrease of 14.5% from fiscal year 2002. Excluding the net increase in fair value of investments, the total revenue decline was 10.1% in 2003.
- Net operating income, excluding the net increase in fair value of investments, was $8.0 million in fiscal year 2003 as compared to $13.0 million in 2002.
- Net assets increased $23 million (7%) as of June 30, 2003.
- Standard and Poor's Rating Services continued the Commission's AA Issuer Credit Rating, with a rating outlook for the intermediate to longer term of positive.

Overview Of The Financial Statements

This annual financial report consists of three parts: Management's Discussion & Analysis; the financial statements, including notes to the financial statements; and other supplementary information. The Commission is a self-supporting entity and follows enterprise fund reporting, using the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Commission.

The following table summarizes the Commission's current, restricted, and non-current assets and liabilities and displays restricted and unrestricted net assets as of June 30, 2003 and June 30, 2002.

Condensed Financial Information
Assets, Liabilities And Net Assets *(In Thousands)*

	June 30,	
	2003	2002
Assets		
Current assets	**$ 19,992**	$ 28,068
Restricted investments	**459,934**	364,273
Restricted mortgage investments	**1,165,494**	1,358,468
Other restricted assets	**54,657**	71,582
Capital assets	**696**	452
Other	**126,483**	114,151
Total Assets	**$ 1,827,256**	$ 1,936,994
Liabilities		
Current liabilities	**$ 1,926**	$ 1,458
Current liabilities – payable from restricted assets	**142,014**	124,671
Long-term bonds	**1,319,155**	1,469,089
Other	**11,751**	12,495
Total Liabilities	**$ 1,474,846**	$ 1,607,713
Net Assets		
Invested in capital assets	**$ 696**	$ 452
Restricted	**328,832**	309,684
Unrestricted	**22,882**	19,145
Total Net Assets	**$ 352,410**	$ 329,281

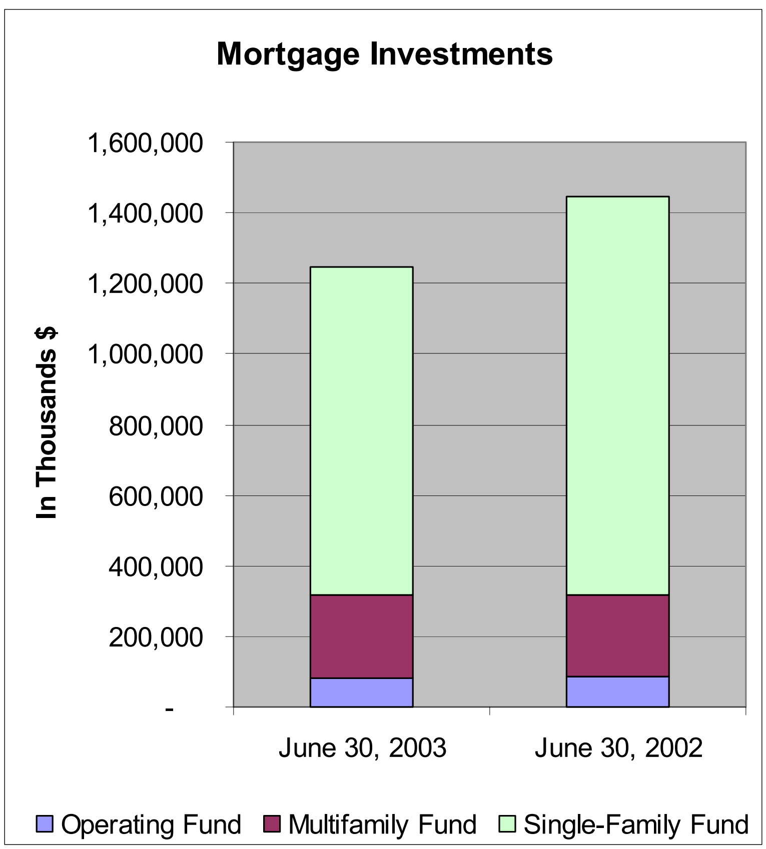
Investments

Investments consist of U.S. government and agency fixed rate securities, guaranteed investment agreement contracts, and overnight repurchase agreements. The Commission's investment policy emphasizes preservation of principal. At June 30, 2003, the Commission had $521.7 million in investments as compared to $415.4 million at June 30, 2002.

Mortgage Investments

The Commission's mortgage investments declined 13.7% during fiscal year 2003 and comprise 68% of the Commission's total assets at June 30, 2003 as compared to 75% at June 30, 2002. GNMA and Fannie Mae mortgage-backed securities comprise 74% of the Commission's mortgage investments at June 30, 2003 compared to 77% at June 30, 2002. New loans totaled $231 million, with a significant level of prepayment activity resulting in an overall decline in the mortgage investment portfolio. The Commission's loan portfolio is low-risk with 99% of the single-family loan portfolio being GNMA and Fannie Mae MBS backed and substantially all of its bond-financed multifamily loan portfolio backed by FHA insurance. The Commission's loan loss reserve is 1.3% of total loans at June 30, 2003 (1.0% at June 30, 2002), which is allocated to uninsured loans and related accrued interest on such loans.

The mix of mortgage investments among operating fund loans, multifamily, and single-family programs at June 30, 2003 and June 30, 2002 is depicted in the following chart.



The Commission's multifamily loan portfolio includes FHA-insured Risk-Share Mortgage Loans, in which the Commission participates in fifty percent of the insured risk. These loans totaled $62.4 million at June 30, 2003 and $34.5 million at June 30, 2002.

Debt

At June 30, 2003, the Commission had $1.4 billion in bonds and notes outstanding as compared to $1.5 billion outstanding at June 30, 2002.

New debt resulted from issuance of three series of single-family mortgage revenue bonds, which totaled $208.8 million, and 3 multifamily housing revenue bonds series totaling $30.0 million. The overall net decrease in debt during the current year was due to bond redemptions that occurred as a result of significant mortgage prepayment activity. For additional information, see Note 5, Bonds and Notes Payable, in the Notes to Financial Statements.

Net Assets

The Commission continues to demonstrate strong financial position, with growth in net assets of 7% in fiscal year 2003 and growth of 15% in fiscal year 2002. Most of the Commission's net assets are restricted for bond requirements and Commission resolutions. Net worth ratio (net assets as compared to total liabilities) was 23.9% at June 30, 2003 as compared to 20.5% at June 30, 2002. The Commission continues to have growth in its net assets, demonstrating a continued strong financial integrity.

Operating Activities

The following table summarizes the Commission's revenues, expenses, and changes in net assets for 2003 and 2002.

Condensed Financial Information
Revenues, Expenses And Changes In Net Assets *(In Thousands)*

	2003	2002
Operating Revenues		
Interest and investment income	**$ 108,740**	$ 137,532
Grants and federal assistance	**94,422**	109,227
Other	**20,200**	14,364
Total Operating Revenues	**223,362**	261,123
Operating Expenses		
Interest expense	**78,962**	84,870
Salaries and administrative expenses	**9,742**	8,752
Grants and federal assistance	**94,331**	109,211
Other	**17,198**	15,667
Total Operating Expenses	**200,233**	218,500
Increase In Net Assets	**$ 23,129**	$ 42,623

While the Commission continues to demonstrate strong financial earnings, the economy and market conditions have impacted financial results. Overall revenues declined in fiscal year 2003 as a result of lower interest rates, significant mortgage prepayment activity and the corresponding decline in asset base related to redemption of bonds. However, the net positive increase in net assets of 7% in fiscal year 2003 demonstrates continued financial strength.

Revenues

Interest and investment income totaled $108.7 million in 2003 as compared to $137.5 million in 2002, a decrease of 20.9%. This income includes fair value increases of $15.2 million in 2003 and $29.6 million in 2002. Declining interest rates caused a corresponding increase in the value of the Commission's portfolio of GNMA securities and other investments. Without the fair value adjustments, interest and investment income declined 13.3%, reflecting the decrease in the Commission's asset base along with decreased interest rate returns as compared to the prior year. Depending on future financial markets, interest rate fluctuations are expected to have continuing material effects on the Commission's financial statements.

Grants And Federal Assistance: Federal and state grant program revenues and expenses represent funds received and disbursed relating to projects funded by the U.S. Department of Housing and Urban Development Section 8 Contract Administration, HOME Investment Partnership, and other federal and state programs totaling $94 million in fiscal year 2003 as compared to $109 million in fiscal year 2002. The current year decrease in Grants & Federal Assistance is largely the result of timing of disbursements for funds awarded for the HOME Investment Partnership program. These programs, along with federal and state tax credit programs, are integral to the Commission's achievement of its multifamily objectives. The Commission continues its involvement in federal government programs that serve to meet the mission of the Commission by utilizing programs that provide resources to Missouri residents by leveraging its net assets, grant funds, and tax credits to finance affordable multifamily housing and down payment assistance programs.

Expenses

Interest costs were $79.0 million for 2003 as compared to $84.9 million for 2002, a decrease of 7.0%. This decrease resulted from redemptions of higher rate bonds that have occurred primarily as a result of loan prepayments along with lower rates on recent debt issues.

Beyond the costs associated with debt financing, the Commission's chief operating costs consist of salaries, facilities rent, information systems, professional services, and travel costs. These costs totaled $9.7 million in 2003 ($8.7 million in 2002). Excluding the increase in the fair value of investments, these costs represented 4.7% of revenues in 2003 as compared to 3.8% in 2002.

Contacting MHDC's Financial Management

This financial report is designed to provide stakeholders in the Commission with a general overview of the Commission's finances and to show the Commission's accountability for its resources. If you have questions about this report or need additional financial information, contact Marilyn Lappin, Deputy Director/Chief Financial Officer, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at mhdc.com.

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
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(*In Thousands*)

Assets

	June 30, 2003	2002
Current Assets		
Cash and temporary cash investments	$ **849**	$ 978
Investments:		
Investment agreements	**722**	319
Securities purchased under agreements to resell	**5,591**	17,154
U.S. government and agency securities	**8,049**	2,037
Total Investments	**14,362**	19,510
Mortgage Investments:		
Mortgage and construction loans receivable	**3,152**	4,802
GNMA and FannieMae mortgage-backed securities	**36**	50
Total Mortgage Investments	**3,188**	4,852
Accrued interest receivable	**1,502**	1,696
Accounts receivable - other	**1**	1,032
Prepaid expenses	**90**	—
Total Current Assets	**19,992**	28,068
Restricted Assets		
Cash and temporary cash investments	**11,303**	21,293
Investments:		
Investment agreements	**319,447**	223,779
Securities purchased under agreements to resell	**10,279**	26,166
U.S. government and agency securities	**130,208**	114,328
Total Investments	**459,934**	364,273
Mortgage Investments:		
Mortgage and construction loans receivable	**241,128**	242,176
GNMA and FannieMae mortgage-backed securities	**924,366**	1,116,292
Total Mortgage Investments	**1,165,494**	1,358,468
Accrued interest receivable	**9,186**	10,028
Deferred financing charges	**34,168**	40,261
Total Restricted Assets	**1,680,085**	1,794,323
Other Assets		
Investments:		
U.S. government and agency securities	**47,398**	31,655
Mortgage Investments, Net Of Current Portion:		
Loans receivable, net of allowances for loan losses ($16,124 in 2003 and $14,476 in 2002)	**78,248**	81,326
GNMA and FannieMae mortgage-backed securities	**837**	1,170
Total Mortgage Investments	**79,085**	82,496
Property and equipment	**474**	230
Rental properties, net of impairment reserve of $538 in 2002	**222**	222
Total Other Assets	**127,179**	114,603
Total Assets	$ **1,827,256**	$ 1,936,994

BALANCE SHEET
Page 2 Of 2
(In Thousands)

Liabilities And Net Assets

	June 30, 2003	June 30, 2002
Liabilities		
Current Liabilities		
Bonds and notes payable	**$ 406**	$ 378
Accounts payable	**999**	641
Deferred financing and commitment fees	**521**	439
Total Current Liabilities	**1,926**	1,458
Current Liabilities - Payable From Restricted Assets		
Bonds and notes payable	**58,931**	44,863
Accrued interest payable	**22,714**	24,379
Escrow deposits	**54,856**	48,513
Rent subsidies and other payables	**1,154**	1,861
Accounts payable	**2,922**	4,358
Deferred financing and commitment fees	**1,437**	697
Total Current Liabilities - Payable From Restricted Assets	**142,014**	124,671
Noncurrent Liabilities		
Bonds and notes payable	**1,319,155**	1,469,089
Deferred financing and commitment fees	**11,751**	12,495
Total Noncurrent Liabilities	**1,330,906**	1,481,584
Total Liabilities	**1,474,846**	1,607,713
Net Assets		
Invested in capital assets	**696**	452
Restricted by the Commission, bond resolution and state statute	**328,832**	309,684
Unrestricted	**22,882**	19,145
Total Net Assets	**352,410**	329,281
Total Liabilities And Net Assets	**$ 1,827,256**	$ 1,936,994

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(In Thousands)

	For The Years Ended June 30, 2003	2002
Operating Revenues		
Interest and investment income:		
Income - mortgage investments	**$ 77,911**	$ 91,229
Income - investments	**15,662**	16,662
Net increase in fair value of investments	**15,167**	29,641
Total interest and investment income	**108,740**	137,532
Administration fees	**5,100**	—
Financing fees and other	**15,100**	14,364
Federal financial assistance and grants	**94,422**	109,227
Total Operating Revenues	**223,362**	261,123
Operating Expenses		
Interest on bonds	**78,962**	84,870
Bank miscellaneous bond debt expense	**5,482**	5,897
Salaries	**4,811**	4,165
General and administrative expenses	**4,931**	4,587
Provision for loan and real estate owned losses	**1,420**	1,220
Rent and other subsidy payments	**4,711**	2,827
Housing Trust Fund grants	**5,585**	5,723
Federal financial assistance and grants	**94,331**	109,211
Total Operating Expenses	**200,233**	218,500
Net Income	**23,129**	42,623
Net Assets - Beginning Of Year	**329,281**	286,658
Net Assets - End Of Year	**$ 352,410**	$ 329,281

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS
(In Thousands)

	For The Years Ended June 30, 2003	2002
Cash Flows From Operating Activities		
Interest income on mortgage loans	**$ 79,482**	$ 91,210
Fees, charges and other	**16,208**	15,004
Principal repayments on mortgage loans	**442,639**	259,840
Federal revenue	**98,819**	106,386
Federal expenses	**(94,331)**	(109,211)
Purchases of mortgage loans	**(231,397)**	(284,688)
Operating expenses	**(11,809)**	(14,198)
Net Cash Provided By Operating Activities	**299,611**	64,343
Cash Flows From Noncapital Financing Activities		
Retirement of principal on bonds	**(596,482)**	(448,750)
Proceeds from issuance of bonds	**468,750**	447,435
Deferred financing costs paid	**(8,425)**	(9,670)
Change in escrow deposits	**6,342**	14,158
Interest paid on bonds	**(88,730)**	(92,367)
Net Cash Used In Noncapital Financing Activities	**(218,545)**	(89,194)
Cash Flows From Investing Activities		
Proceeds from sale of investments	**1,059,850**	932,994
Purchase of investments	**(1,193,231)**	(914,316)
Payments for property and equipment	**(381)**	(190)
Income received on investments	**15,127**	17,657
Increase (decrease) in securities purchased under agreements to resell	**27,450**	(18,188)
Net Cash Provided By (Used In) Investing Activities	**(91,185)**	17,957
Decrease In Cash And Cash Equivalents	**(10,119)**	(6,894)
Cash And Cash Equivalents - Beginning Of Year	**22,271**	29,165
Cash And Cash Equivalents - End Of Year	**$ 12,152**	$ 22,271
Reconciliation Of Net Income To Net Cash Provided By Operating Activities:		
Net income	**$ 23,129**	$ 42,623
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	**136**	128
Net increase in fair value of investments	**(15,167)**	(29,641)
Income - mortgage investments	**(77,911)**	(91,229)
Income - investments	**(15,662)**	(16,662)
Amortization of financing charges, financial fees and debt premium/discount	**14,427**	7,491
Provision for loan and real estate owned losses, net of charges-off loans	**1,648**	1,112
Interest expense related to bonds	**78,962**	84,870
Repayment of principal on mortgage loans	**442,639**	259,840
Mortgage and construction loans disbursed	**(231,397)**	(284,688)
Interest received on mortgage investments	**79,482**	91,210
Change in assets and liabilities:		
Accounts receivable - other	**1,030**	(671)
Rent subsidies and other payables	**(705)**	(2,842)
Accounts payable	**(1,078)**	1,491
Deferred financing and commitment fees	**78**	1,311
Net Cash Provided By Operating Activities	**$ 299,611**	$ 64,343

1. Authorizing Legislation

The Missouri Housing Development Commission (the Commission) is a body corporate and politic established on October 13, 1969 by Chapter 215 of the Missouri statutes. In accordance with the provisions of Chapter 215 and resolutions of the Commission, the Commission is authorized to make or purchase mortgage loans which are uninsured, partially insured, or insured or guaranteed by the federal government and to insure mortgage loans, the funds of which are to be used to develop new or rehabilitated low- and moderate-income housing. The Commission is also authorized to issue bonds for making or purchasing such loans. The outstanding balance of bonds applicable to loans not insured or guaranteed by a federal agency or to bonds rated lower than "AA" by rating agencies at the time of issuance shall not exceed $200,000,000. At June 30, 2003 and 2002, the Commission had $1,620,000 and $1,630,000, respectively, of bonds outstanding applicable to loans that are not so insured or guaranteed or to bonds that are not so rated. Bonds issued by the Commission are not an obligation of the State of Missouri.

2. Summary Of Significant Accounting Policies

Reporting Entity

Governmental Accounting Standards establishes the criteria used in determining which organizations should be included in the Commission's financial statements. General accepted accounting principles require the inclusion of the transactions of government organizations for which the Commission is financially accountable.

The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency.

The Missouri Housing Trust Fund has been designated as a blended component unit of the Commission. The Missouri Housing Trust Fund is authorized by section 215.035, RSMo. Separate financial statements for the Missouri Housing Trust Fund may be obtained through the Commission.

Pursuant to the requirements of the Governmental Accounting Standards Board (GASB), the Commission is considered a related organization of the State of Missouri for financial reporting purposes. Accordingly, the Commission is included as a footnote disclosure in the State of Missouri's comprehensive annual financial report.

Basis Of Presentation

The Commission's financial statements have been prepared on the basis of the Governmental Proprietary Fund concept as set forth in Statement 1 of the Governmental Accounting Standards Board (GASB). The Governmental Proprietary Fund concept provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of the services be presented as proprietary funds.

The Commission maintains its financial records on the accrual basis of accounting. The Commission has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

Fees, Charges And Expenses

Financing fees are deferred and recorded as income over the life of the related bond issuance, which approximates the life of the related mortgage loans.

Service and other fees and charges are recorded as income when earned and the associated administrative expenses are recorded as incurred. Operating expenses identifiable to a particular program are charged directly to the program. All other operating expenses are allocated by the Commission to the individual programs.

Cash And Investment Policies

Chapter 215 of the Missouri statutes provides for the Commission to invest any funds not required for immediate disbursement in obligations of the State of Missouri or the United States government or any instrumentality thereof, the principal and interest of which are guaranteed by the State of Missouri or the United States government or instrumentality thereof; bank certificates of deposit; or such other investments as determined by the Commission. The general policy of the Commission is to make investments for future funding requirements and not for trading purposes.

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, securities purchased under agreements to resell, U.S. government and agency securities, and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date. For the years ended June 30, 2003 and 2002, the net increase in fair value of investments was $15,167,000 and $29,641,000, respectively. Without the recognition of this element of investment income, the Commission's net income would have been $7,962,000 in 2003 and $12,982,000 in 2002.

Mortgage Investments

Proceeds from the sale of bonds are used to make or purchase mortgage loans and to purchase Government National Mortgage Association (GNMA) and FannieMae loan mortgage-based securities. Advances made on such loans during the construction period of related housing units are recorded as construction loans and are transferred to mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA and FannieMae mortgage-backed securities are reported at fair value. Mortgage-backed securities do not have a contractual maturity date, and the Commission may be subject to the risk of prepayment on these securities.

Allowance For Loan Losses

The allowance for loan losses is for uninsured loans and related accrued interest on such loans. The allowance is management's estimate of uncollectible loans and related accrued interest and is based on existing payment conditions, prior experience and such other factors which, in management's opinion, require consideration. For financial statement presentation, the allowance for loan losses has been netted against the noncurrent portion of mortgage and construction loans.

Deferred Financing Charges

Costs of issuance of bonds are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Rental Property And Equipment

Equipment consists of leasehold improvements, office furniture and equipment which is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets which range from three to nine years.

Rental properties have been acquired and were to be rehabilitated for rental to persons or families of low income. Rental activity has been minimal, therefore, no depreciation has been taken to date. The properties were recorded at appraised value when acquired and will be relieved upon disposition.

During 2002, certain rental property was deemed to be impaired and written down to its estimated fair value. Accordingly, a loss of approximately $538,000 was expensed by the Commission in 2002.

Federal Assistance And Grants

The Commission administers grants and federal assistance programs, representing "pass-through" financial assistance, on the behalf of secondary recipients. In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Commission recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of the Commission.

Grants received from federal, state and local governments are recognized as operating revenue as the related expenditures are incurred in accordance with GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.*

Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the bonds outstanding method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Accounting Reclassifications

Certain 2002 amounts have been reclassified, where appropriate, to conform with the presentation used in the 2003 financial statements.

3. Description Of Funds Or Programs

The following describes the funds or programs maintained by the Commission, all of which conform with the statute and the respective bond resolutions.

Operating Fund

Funding of the Operating Fund on an ongoing basis is derived principally from allowable transfers from other funds, fees earned for administering various U. S. Department of Housing and Urban Development (HUD) programs, and interest income from Operating Fund investments and mortgage loans. Mortgage and construction loans in the Operating Fund are collateralized by deeds of trust on the related properties except for approximately $2,675,000 and $3,699,000 at June 30, 2003 and 2002, respectively, which are insured by HUD or guaranteed by the Veterans Administration (VA). Authorized activities of the Operating Fund include the following:

- Payment of general and administrative expenses and other costs not payable by other funds of the Commission;
- Financing multifamily or single-family residential housing units from accumulated fund balances, if financing of such units is not provided for under existing bond indentures; and,
- Those activities deemed necessary to fulfill the Commission's corporate purposes for which special funds are not established.

Multifamily Mortgage Program

The Commission's Multifamily Mortgage Program was established to account for the proceeds from the bond sales, debt service requirements, and the related mortgage loans and mortgage-backed securities on eligible multifamily developments. All loans, with the exception of $39,800,000 being financed with the proceeds from the issuance of the Rental Housing Revenue bonds payable (Ecumenical Housing, JB Hughes, Primm Place, Truman Farm Villas, Brookstone, O'Fallon Place Apartments, Mansion II Apartments and East Hills Village Apartments), are insured by HUD. These loans, which totaled $35,089,000 and $38,245,000 at June 30, 2003 and 2002, respectively, are financed by the borrowers with limited obligation bonds which are denoted by "**" in Note 5.

The Commission has entered into a Risk Sharing Agreement with the U.S. Department of Housing and Urban Development (HUD), which permits the Commission to participate in HUD's Risk Sharing Program. In accordance with the terms of this agreement, HUD will insure certain mortgage loans on multifamily housing developments (FHA-insured "Risk-Share Mortgage Loans") and the Commission will underwrite the Risk-Share Mortgage Loans following its underwriting guidelines. HUD will insure the Risk-Share Mortgage Loans and will bear 50% of the risk and the Commission will bear the remaining 50% of the risk. The Commission had Risk-Share Mortgage Loans totaling $62,430,000 representing 16 loans as of June 30, 2003 and $34,500,000 representing 13 loans as of June 30, 2002.

Single-Family Mortgage Program

The Commission's Single-Family Mortgage Program was established to account for the proceeds from the sale of bonds, debt service requirements and the related mortgage loans and mortgage-backed securities on eligible single-family housing units. All loans are either insured by the Federal Housing Administration or qualified private mortgage insurers or guaranteed by the VA.

4. Cash And Investments

Cash And Temporary Cash Investments

At June 30, 2003 and 2002, the total carrying amount of the Commission's deposits was $6,064,000 and $2,929,000, and the bank balances were $7,691,000 and $3,621,000, respectively. The entire bank balances at June 30, 2003 and 2002 were either insured by the Federal Deposit Insurance Corporation or were collateralized by unregistered pledged securities held by the Commission's agent in the Commission's name. Temporary investments of $6,088,000 and $19,342,000 represent amounts invested in money market mutual funds as of June 30, 2003 and 2002, respectively, and are not subject to classification of custodial risk. Cash and temporary cash investments are classified as cash and cash equivalents for purposes of the statement of cash flows.

Investment Agreements

For bond issues originating after March 15, 1983, the Commission has authorized and directed the investment of funds with certain financial institutions. The total amount of funds invested in these agreements at June 30, 2003 and 2002 was $320,169,000 and $224,098,000, with guaranteed fixed rates of return ranging from 1.23% to 7.75% and 2.16% to 8.1%, respectively. At June 30, 2003 and 2002, investment agreements of $64,014,000 and $66,175,000, respectively, were collateralized by the banks with U.S. government or U.S. government agency obligations. Pursuant to the investment agreements between the Commission and the banks, investment agreements of $256,155,000 and $157,923,000 were uncollateralized at June 30, 2003 and 2002, respectively. The investment agreements have redemption terms that do not consider market rates, and income is based on contractual interest rates; accordingly, these agreements are reported at cost.

Securities Purchased Under Agreements To Resell

Investments in securities purchased under agreements to resell are carried at fair value. At June 30, 2003 and 2002, these agreements had an average interest rate of approximately 1% and 5%, respectively, and were collateralized by the banks with U.S. government or U.S. government agency obligations.

U.S. Government And Agency Securities

Investments in U.S. government and agency securities are carried at fair value. At June 30, 2003 and 2002, securities approximating $6,343,000 and $6,993,000, respectively, are unregistered investments for which the securities are held by the Commission's agent in the name of the Commission. At June 30, 2003 and 2002, securities totaling $179,312,000 and $141,027,000, respectively, are unregistered investments for which the securities are held by the counterparty financial institution in the name of the Commission.

Investments reported at fair value consist of (in Thousands):

	2003		2002	
	Cost	**Fair Value**	Cost	Fair Value
Securities purchased under agreements to resell	**$ 15,870**	**$ 15,870**	$ 43,320	$ 43,320
U.S. government and agency securities	**181,997**	**185,655**	145,107	148,020
GNMA and FannieMae mortgage-backed securities	**882,415**	**925,239**	1,089,529	1,117,512
	$ 1,080,282	**$ 1,126,764**	$ 1,277,956	$ 1,308,852

During 2003 and 2002, the Commission realized a net loss of $420,000 and net gain of $738,000, respectively, from the sale of investments. The calculation of realized gains and losses is independent of the calculation of net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in a prior year. The net increase in fair value was $15,167,000 and $29,641,000 in 2003 and 2002, respectively. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2003 and 2002 was $46,482,000 and $30,896,000, respectively.

5. Bonds And Notes Payable

The net proceeds of bond issues are used to provide financing for multifamily housing projects or for single-family residential housing units. The bond proceeds are deposited with and invested by various bank trust departments in qualified investments until required for such financing. Those bonds are obligations of the Commission and are not liabilities of the state of Missouri. A summary of bonds payable outstanding at June 30, 2003 and 2002 follows:

	Original Amount Authorized	Outstanding June 30, 2003	2002
	(In Thousands)		
Multifamily Mortgage Program:			
May 1, 1976 Series (6.1%), due 2019	$ 11,800	$ —	$ 565
March 15, 1977 Series (6%), due 2020	30,000	7,385	7,590
1979 Series A (6.7% to 7%), due 2003 – 2021	32,400	2,650	2,715
1979 Series B (6.7% to 7%), due 2003 - 2022	43,500	5,705	10,195
September 1, 1980 Series (9.625% to 10%), due 2006 - 2023	15,500	4,010	4,065
May 15, 1982 Series (9%), due 2012 - 2023	7,000	3,175	3,240
June 1, 1988 Series (8.1% to 8.5%), due 2008 – 2028	3,905	1,825	1,935
June 1, 1989 Series A (7.125% to 7.375%), due 2009 - 2030*	965	880	890
September 1, 1989 Series (9.25%), due 2030	1,845	1,610	1,630
March 1, 1991 Series (10%), due 2031	1,685	1,620	1,630
June 15, 1992 Series (6.1% to 6.6%), due 2003 – 2023	10,240	2,255	2,310
November 15, 1992 Series (6% to 6.6%), due 2003 – 2024	43,340	21,645	25,345
1995 Series A (5% to 6.25%), due 2003 - 2017**	2,825	2,365	2,465
November 15, 1996 Series (7.1% to 8.05%), due 2006 – 2038	3,540	3,385	3,415
Series 1996 (5.1% to 5.8%), due 2003 - 2010**	1,435	—	1,030
1996 Series A (5.75% to 6.2%), due 2011 -2028**	7,700	6,400	6,400
1996 Series B (6.6%), due 2003**	250	—	100
1996 Series A (5.25% to 6.2%), due 2006 - 2028**	8,400	7,695	7,820
Series 1998 (4.5% to 5.45%), due 2003 - 2028	9,045	8,295	8,455
Series 1999 (3.8% to 5.25%), due 2003 - 2032**	6,710	6,305	6,710
Series 1999 (6.125% to 6.17%), due 2022 - 2032**	6,730	6,605	6,670
Series 1999 (7.3%), due 2030**	2,750	2,730	2,750
2000 Series 1 (5.15% to 6.1%), due 2003 - 2031	11,540	10,730	11,495
2001 Series I (3.75% to 5.25%), due 2003 - 2027	21,780	12,355	21,270
2001 Series II (3.7% to 5.5%), due 2003 - 2023	46,360	40,630	45,490
2001 Series III (3.35% to 5.25%) due 2003 - 2021	22,850	21,695	22,570
2001 Series 1A (3.2% to 5.375%) due 2003 - 2033	7,300	5,365	7,300
2001 Series 2A (5.25% to 5.3%) due 2021 - 2032	3,800	3,745	3,800
2001 Series 1B Notes (3.25%) due 2003	2,730	—	2,730
Series 2002 G (6.2% to 6.3%) due 2019 - 2037*,**	2,550	2,539	2,550
Series 2002 H (6.9%) due 2038**	450	450	450
2002 Series 1 (5.3% to 5.55%) due 2017 – 2038	12,890	12,890	12,890
2002 Series 2 (2.35% to 5.3%) due 2004 - 2034	4,440	4,440	—
2002 Series 4 (2.7% to 5.2%) due 2004 - 2034	20,505	20,505	—
2003 Series 1 (2.7% to 5.3%) due 2004 - 2034	5,105	5,105	—
	413,865	236,989	238,470
Less: Unamortized debt discount	—	(157)	(161)
Add: Unamortized debt premium	—	28	—
Less: Deferred amount on refunding	—	(838)	(921)
	413,865	236,022	237,388

	Original Amount Authorized	Outstanding June 30, 2003	2002
		(In Thousands)	
Single-Family Mortgage Program:			
June 15, 1976 Series (6.375%), due 2007	$ 28,175	$ 1,730	$ 1,930
September 1, 1986 Series (7.25% to 7.5%), due 2006 - 2016	9,925	295	1,005
November 1, 1986 Series (7.3% to 7.6%), due 2003 - 2018*	100,000	1,995	6,770
1988 Series A (7.9% to 8.3%), due 2003 - 2019*	76,200	6,435	9,075
1988 Series B (7.85% to 8.25%), due 2004 - 2019*	37,500	—	1,515
1988 Series C (7.8% to 8.25%), due 2003 - 2019*	37,500	545	2,690
September 1, 1991 Series B (7% to 7.25%), due 2010 - 2012	18,200	14,447	15,620
1991 Series B (6.3%), due 2003*	12,000	—	360
1991 Series C (7.35%), due 2023*	53,485	1,557	13,850
1992 Series A (6.2% to 6.75%), due 2003 - 2024*	75,000	10,165	16,025
1992 Series B (5.6% to 6.4%), due 2004 - 2025*	75,000	—	29,105
1994 Series A (6.3% to 7.3%), due 2003 - 2025*	100,000	8,495	15,520
1995 Series A (5.2% to 6.22%), due 2003 - 2026*	55,000	22,895	29,770
1995 Series B (5.2% to 6.45%), due 2003 - 2027*	30,000	11,085	14,460
1995 Series C (4.9% to 7.25%), due 2003 - 2026*	30,000	6,205	10,875
1995 Series D (5% to 6.15%), due 2003 - 2026*	16,800	5,430	8,110
1996 Series A (5% to 7.2%), due 2003 - 2027*	41,000	9,620	16,870
1996 Series B (5.2% to 7.55%), due 2003 - 2027*	29,060	4,840	9,285
1996 Series C (5% to 7.45%), due 2003 - 2027*	32,925	8,540	12,725
1996 Series D (4.875% to 7.1%), due 2003 - 2028*	46,640	15,480	24,450
1997 Series A (5.1% to 7.3%), due 2004 - 2028*	50,000	14,155	23,610
1997 Series A-4 (4.6% to 5.65%), due 2003 - 2029*	10,000	3,135	5,665
1997 Series B (4.7% to 6.85%), due 2003 - 2029*	64,500	30,525	43,345
1997 Series C (4.6% to 6.85%), due 2003 - 2029*	55,625	21,400	33,030
1998 Series B (4.45% to 6.4%), due 2003 - 2029*	70,000	35,340	48,715
1998 Series D (4.3% to 6.5%), due 2003 - 2029*	70,000	37,810	52,915
1998 Series E (4.05% to 6.45%), due 2003 - 2029*	50,000	27,999	38,596
1999 Series I (5.1%), due 2030	5,095	3,675	5,095
1999 Series A (4.25% to 6.3%), due 2003 - 2030*	75,000	46,850	63,050
1999 Series B (4.45% to 6.83%), due 2003 – 2030*	75,000	43,410	61,535
1999 Series C (4.5% to 7.07%), due 2003 - 2030*	75,000	39,140	61,510
2000 Series A (5% to 7.77%), due 2003 - 2031*	98,135	43,590	69,865
2000 Series B (5.2% to 8%), due 2003 - 2031*	70,000	36,815	58,575
2000 Series C (4.7% to 7.4%), due 2003 - 2032*	84,390	52,215	77,505
2001 Series A (3.85% to 6.35%), due 2003 - 2033*	100,000	80,045	98,465
2001 Series B (3.5% to 6.85%) due 2003 - 2033*	70,000	59,880	69,790
Draw Down Series 2001 A (3.04%) due 2003	150,000	—	21,090
2001 Series C (2.5% to 5.4%) due 2003 - 2033*	46,490	40,730	46,045
2002 Series A (2.25% to 5.3%) due 2003 - 2034*	45,000	43,495	45,000
2002 Series B (2.25% to 5.375%) due 2003 - 2034*	80,000	79,335	80,000
Draw Down 2002 Series A (1.74%) due 2004	100,000	11,820	—
2002 Series C (1.8% to 6%) due 2004 - 2034*	80,000	76,495	—
2003 Series A (1.4% to 5.2%) due 2004 - 2035*	50,000	50,000	—
2003 Series B (1.3% to 4.95%) due 2004 – 2034*	78,795	78,795	—
Draw Down 2003 Series A (1.358%) due 2004	125,000	26,220	—
	2,682,440	1,112,633	1,243,411
Less: Unamortized debt discount	—	(70)	(156)
Add: Unamortized debt premium	—	26,961	29,424
Less: Deferred amount on refunding	—	(937)	—
	2,682,440	1,138,587	1,272,679
Total	$ 3,096,305	$ 1,374,609	$ 1,510,067

The proceeds of bond issues denoted by "*" are used to purchase GNMA and Fannie Mae mortgage-backed securities, which are backed by mortgage loans originated through the Commission's loan programs.

The proceeds of bond issues denoted by "**" are used to provide financing for multifamily housing projects. These bonds are limited obligations of the Commission, payable solely from and secured by a loan agreement between the Commission and the borrower.

During the years ended June 30, 2003 and 2002, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $4,747,000 and $2,815,000 for the years ended June 30, 2003 and 2002, respectively, on early extinguishment of debt have been recorded and included with financing fees and other operating revenue. These gains arise as a result of immediate recognition of deferred bond issuance costs, bond discounts or premiums that would have been amortized over the life of the applicable bond issue if not retired, and call premiums as required by the resolution.

During the fiscal year ended June 30, 2001 and completing in the fiscal year ending June 30, 2002, the Commission issued Multifamily Revenue Bonds 2001 Series I, II and III in the aggregate amount of $90,990,000 to provide funds for the refunding of a major portion of the outstanding Housing Development Bonds (Federally Insured Mortgage Loans). Because of the three-phase structure of the refunding over 2 fiscal years, the effect of the refunding was recorded in 2002. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $1,002,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the bonds outstanding method. The Commission completed the advance refunding to reduce its total debt service payments over the next 23 years by approximately $15,764,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $7,465,000.

During the fiscal year ended June 30, 2003, the Commission issued Single Family Revenue Bonds 2002B and 2003C in the aggregate amount of $158,795,000. Of this aggregate amount, $36,620,000 refunded a portion of the outstanding Housing Development Bonds (Insured Mortgage Loans). The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $967,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the bonds outstanding method. The Commission completed the advance refunding to reduce its total debt service payments over the next 31 years by approximately $515,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $3,410,000.

All bonds have early redemption provisions. A summary of future annual scheduled principal and interest maturities, which excludes unamortized debt discount and premium, follows *(in thousands)*:

Bonds Maturing During Year Ending June 30	**Principal**	**Interest**	**Total**
2004	$ 55,002	$ 72,266	127,268
2005	19,960	71,715	91,675
2006	14,720	70,999	85,719
2007	15,410	70,466	85,876
2008	16,865	69,554	86,419
2009 - 2013	86,342	338,280	424,622
2014 - 2018	95,725	310,943	406,668
2019 - 2023	138,364	277,133	415,497
2024 - 2028	236,140	227,191	463,331
2029 - 2033	478,384	134,918	613,302
2034 - 2038	183,080	12,791	195,871
2039 - 2043	9,630	189	9,819
	$ 1,349,622	$ 1,656,445	$ 3,006,067

In addition to bonds payable, the Commission has available two lines of credit totaling $5,050,000 and $1,108,000. At June 30, 2003, these lines of credit had outstanding balances of $3,113,000 and $770,000 at interest rates of 7.27% and 7.02%, respectively, and are due September 2010 and January 2012, respectively.

6. Escrow Deposits And Rent Subsidies Payable

Escrow deposits represent funds paid by project developers for real estate taxes, insurance, future replacement of property and other costs.

Rent subsidies payable represent funds received from the State of Missouri and HUD for payment of rent subsidies to participants in the Housing Assistance Programs.

Such funds held by the Commission are included in restricted cash and temporary cash investments.

7. Pension Plan

All Commission employees participate in the Missouri State Employees' Plan (MSEP) administered by the Missouri State Employees Retirement System (the System), a single-employer public employee retirement plan. MSEP provides retirement, death and disability benefits to its members. As established by Missouri statutes, responsibility for the operation and administration of MSEP is vested in the Missouri State Employees Retirement System Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for MSEP. That report may be obtained by writing to the Missouri State Employees Retirement System, 906 Leslie Boulevard, P. O. Box 209, Jefferson City, Missouri 65101, or by calling 1-800-827-1063.

Covered employees do not contribute toward the plan. The employer is required to contribute at an actuarially determined rate. The contribution requirement for the years ended June 30, 2003, 2002 and 2001 was $427,000, $498,300 and $464,000, respectively; these contributions represented 8.87%, 11.96% and 12.6% of total payroll during 2003, 2002 and 2001, respectively. These contributions are expensed by the Commission when incurred.

As determined in accordance with GASB Statement No. 27, *"Accounting for Pensions by State and Local Governmental Employers,"* the Commission has no pension liability, as required contributions are paid when due. This treatment is consistent with prior years.

8. Restrictions

Substantially all of the assets of each bond program of the Commission are pledged as collateral for the payment of principal and interest on bond indebtedness only of that program. Therefore, all related bond program assets of the Commission that are pledged as collateral are treated as restricted and noncurrent. The obligations of the Commission are not obligations of the State, and the State is not liable for such obligations.

Resolutions of the Commission require that, to the extent funds are available in the general account of each bond fund, they are to be transferred to a debt service account on a periodic basis, from the date of bond issuance to the date of each succeeding maturity, sufficient to make principal and interest payments on the bonds as they become due. Funds within the general account of each bond fund are on deposit in restricted accounts.

In addition, the statute and resolutions of the Commission require that for certain bond issues an amount be maintained in reserve accounts to be used to make principal and interest payments on payment due dates. Such amounts are on deposit in restricted accounts for the various issues within the Multifamily and Single-Family Mortgage Programs.

In addition, $54,856,000 and $48,513,000 at June 30, 2003 and 2002, respectively, are held as escrow deposits, and $131,478,000 and $118,121,000, respectively, are restricted for making or purchasing mortgage and construction loans.

Pursuant to certain of its resolutions, the Commission has restricted the net assets of the Multifamily Mortgage Program and the Single-Family Mortgage Program to maintain a level of reserves necessary to provide sound fiscal operations. In addition, through various resolutions for the Multifamily Mortgage Program, the Single-Family Mortgage Program and activities of the Operating Fund, the Commission has reserved internally generated funds for financing residential housing units and for providing rental housing assistance, which are included in restricted net assets. In 1997, the Commission acquired a portfolio of loans from HUD. Revenues collected from these HUD purchased loans are restricted by an agreement between the Commission and HUD to be used primarily for rehabilitation loans or grants.

Pursuant to state statute, the Commission has restricted the amount of net assets representing revenues over expenses related to the financial activity of the Missouri Housing Trust Fund. The Missouri Housing Trust Fund is authorized by section 215.035, RSMo. Revenues of the Missouri Housing Trust Fund are restricted to programs which financially assist, by loans or grants, the development of housing stock and which provide housing assistance to persons and families with incomes at or below specified levels.

Below is a summary of restricted net assets by the Commission, bond resolution and state statute as of June 30, 2003 and 2002:

	2003	2002
	(In Thousands)	
Restricted By Commission:		
Tenant assistance	**$ 47,540**	$ 47,166
Loans not funded by a bond sale	**98,541**	102,483
Loan commitments not yet disbursed	**15,191**	17,060
Reserves committed to Home Improvement and Multifamily interest subsidy program	**5,799**	5,799
Restricted earnings of HUD purchased loans	**8,989**	10,142
Restricted for Rural Initiative Program	**1,106**	1,015
	177,166	183,665
Restricted by bond resolution	**146,192**	120,375
Restricted by state statute - Missouri Housing Trust Fund	**5,474**	5,644
	$ 328,832	$ 309,684

9. Commitments And Contingencies

The Commission rents office space in Kansas City in accordance with a 10-year lease, which is accounted for as an operating lease and can be extended at the option of the Commission for two successive five-year periods.

The Commission rents office space in St. Louis in accordance with a 10-year lease, which is accounted for as an operating lease.

Lease expenditures for the years ended June 30, 2003 and 2002 were $566,000 and $645,000, respectively. Future minimum lease payments for these leases are as follows *(in thousands)*:

Year	Amount
2004	$ 553
2005	567
2006	587
2007	634
2008	636
2009– 2012	2,235
	$ 5,212

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the Commission carries commercial insurance.

The Commission is also subject to additional audits, as deemed necessary by its federal grantor agencies, of the Commission's grant programs which may result in disallowed costs to the Commission. However, the Commission's management does not believe such audits would result in any disallowed costs that would be material to the Commission's financial position at June 30, 2003.

10. Subsequent Events

Prior to June 30, 2003, the Commission approved the issuance of one bond issue in the Single Family Mortgage Program and seven bond issues in the Multifamily Mortgage Program. It is expected that these bonds will be issued during fiscal year 2004 and in total will not exceed $95,000,000. Subsequent to June 30, 2003, the Commission approved the issuance of three additional bond issues in the Multifamily Mortgage Program. It is expected that these bonds will be issued during fiscal year 2004 and in total will not exceed $30,000,000.

Supplementary Information

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET
Page 1 Of 2
(In Thousands)
June 30, 2003

Assets

	Operating Fund	Multifamily Mortgage Program	Single-Family Mortgage Program	Total
Current Assets				
Cash and temporary cash investments	$ 849	$ —	$ —	$ 849
Investments:				
Investment agreements	722	—	—	722
Securities purchased under agreements to resell	5,591	—	—	5,591
U.S. government and agency securities	8,049	—	—	8,049
Total Investments	14,362	—	—	14,362
Mortgage Investments:				
Mortgage and construction loans receivable	3,152	—	—	3,152
GNMA and FannieMae mortgage-backed securities	36	—	—	36
Total Mortgage Investments	3,188	—	—	3,188
Accrued interest receivable	1,502	—	—	1,502
Accounts receivable, other	1	—	—	1
Prepaid expenses	90	—	—	90
Total Current Assets	19,992	—	—	19,992
Restricted Assets				
Cash and temporary cash investments	2,188	3,610	5,505	11,303
Investments:				
Investment agreements	—	24,826	294,621	319,447
Securities purchased under agreements to resell	5,707	4,572	—	10,279
U.S. government and agency securities	83,227	46,981	—	130,208
Total Investments	88,934	76,379	294,621	459,934
Mortgage Investments:				
Mortgage and construction loans receivable	—	232,216	8,912	241,128
GNMA and FannieMae mortgage-backed securities	—	1,243	923,123	924,366
Total Mortgage Investments	—	233,459	932,035	1,165,494
Accrued interest receivable	—	1,772	7,414	9,186
Deferred financing charges	—	1,180	32,988	34,168
Total Restricted Assets	91,122	316,400	1,272,563	1,680,085
Other Assets				
Investments:				
U.S. government and agency securities	47,398	—	—	47,398
Mortgage Investments, Net Of Current Portion:				
Loans receivable, net of allowances for loan losses ($16,124 in 2003)	78,248	—	—	78,248
GNMA and FannieMae mortgage-backed securities	837	—	—	837
Total Mortgage Investments	79,085	—	—	79,085
Property and equipment	474	—	—	474
Rental properties	222	—	—	222
Total Other Assets	127,179	—	—	127,179
Total Assets	$ 238,293	$ 316,400	$ 1,272,563	$ 1,827,256

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET

(In Thousands)

June 30, 2003

Liabilities And Net Assets

	Operating Fund	Multifamily Mortgage Program	Single-Family Mortgage Program	Total
Current Liabilities				
Bonds and notes payable	$ 406	$ —	$ —	$ 406
Accounts payable	999	—	—	999
Deferred financing and commitment fees	521	—	—	521
Total Current Liabilities	1,926	—	—	1,926
Current Liabilities - Payable From Restricted Assets				
Bonds and notes payable	—	7,693	51,238	58,931
Accrued interest payable	—	3,296	19,418	22,714
Escrow deposits	20,186	34,618	52	54,856
Rent subsidies and other payables	1,034	120	—	1,154
Accounts payable	—	713	2,209	2,922
Deferred financing and commitment fees	—	94	1,343	1,437
Total Current Liabilities - Payable From Restricted Assets	21,220	46,534	74,260	142,014
Noncurrent Liabilities				
Bonds and notes payable	3,477	228,329	1,087,349	1,319,155
Deferred financing and commitment fees	5,452	1,733	4,566	11,751
Total Noncurrent Liabilities	8,929	230,062	1,091,915	1,330,906
Total Liabilities	32,075	276,596	1,166,175	1,474,846
Net Assets				
Invested in capital assets	696	—	—	696
Restricted by the commission, bond resolution and state statute	182,640	39,804	106,388	328,832
Unrestricted	22,882	—	—	22,882
Total Net Assets	206,218	39,804	106,388	352,410
Total Liabilities And Net Assets	$ 238,293	$ 316,400	$ 1,272,563	$ 1,827,256

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(In Thousands)

For The Year Ended June 30, 2003

	Operating Fund	Multifamily Mortgage Program	Single-Family Mortgage Program	Total
Operating Revenues				
Interest and investment income:				
Income - mortgage investments	$ 4,280	$ 13,700	$ 59,931	$ 77,911
Income - investments	5,798	1,931	7,933	15,662
Net increase in fair market value of investments	141	202	14,824	15,167
Total interest and investment income	10,219	15,833	82,688	108,740
Administration fees	5,100	—	—	5,100
Financing fees and other	8,085	3	7,012	15,100
Federal financial assistance and grants	94,422	—	—	94,422
Total Operating Revenues	117,826	15,836	89,700	223,362
Operating Expenses				
Interest on bonds	300	11,342	67,320	78,962
Bank miscellaneous bond debt expense	49	66	5,367	5,482
Salaries	4,811	—	—	4,811
General and administrative expenses	4,931	—	—	4,931
Provision for loan losses	1,420	—	—	1,420
Rent and other subsidy payments	4,711	—	—	4,711
Housing Trust Fund grants	5,585	—	—	5,585
Federal financial assistance and grants	94,331	—	—	94,331
Total Operating Expenses	116,138	11,408	72,687	200,233
Net Income	1,688	4,428	17,013	23,129
Net Assets - Beginning Of Year	208,905	29,171	91,205	329,281
Interfund Transfers	(4,375)	6,205	(1,830)	—
Net Assets - End Of Year	$ 206,218	$ 39,804	$ 106,388	$ 352,410